

# DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

## Government National Mortgage Association

### SALARIES AND EXPENSES

(Dollars in Thousands)

	2020*	2021			2022		
	Actuals	Carryover	Enacted	Total	Carryover	President's Budget	Total
<b>Personnel Services</b>	\$27,515	\$3,062	\$29,814	\$32,876	\$3,686	\$40,350	\$44,036
<b>Non-Personnel Services</b>							
<b>Total, Non-Personnel Services</b>	-	-	-	-	-	-	-
Working Capital Fund	977	-	-	-	-	-	-
Carryover	3,062	-	3,686	3,686	-	-	-
<b>Grand Total</b>	<b>\$30,554</b>	<b>\$3,062</b>	<b>\$33,500</b>	<b>\$36,562</b>	<b>\$3,686</b>	<b>\$40,350</b>	<b>\$44,036</b>
<b>FTEs</b>	<b>145</b>	<b>16</b>	<b>151</b>	<b>167</b>	<b>18</b>	<b>197</b>	<b>214</b>

\*Includes 2019 Carryover and excludes GNMA No-Year S&E.

### PROGRAM PURPOSE

The Government National Mortgage Association (Ginnie Mae) is a revenue-generating government-owned corporation chartered to conduct commercial operations for a public purpose. Its operations are integral to the nation's housing finance system and its mission is to bring domestic and global capital into that market. Ginnie Mae fulfills its mission by providing a mortgage-backed securities (MBS) guarantee platform to lenders issuing MBS and attracting investors to the sale of the MBS, which provides the liquidity that keeps funds flowing to lenders that originate loans under the Federal Housing Authority (FHA), Veterans Affairs (VA), Rural Housing Services (RHS) and Public and Indian Housing (PIH) programs.

At the heart of the demand for the Ginnie Mae MBS is the explicit government guarantee that effectively removes counterparty risk for investors, making Ginnie Mae MBS a valuable international commodity. The Ginnie Mae guaranty assures investors that they will receive timely payments on the securities they own regardless of the impact of economic stresses on the housing finance industry or a particular issuer. It is through this critical role of providing liquidity to lenders and the housing market, that Ginnie Mae supports Nationally Essential Function (NEF) 7. Protecting and stabilizing the Nation's economy and ensuring public confidence in its financial system. Ginnie Mae's ability to effectively and seamlessly support NEF 7 is directly related to its ability to conduct timely, efficient business operations, oversee complex program transactions and manage issuer risks.

### BUDGET OVERVIEW

The 2022 President's Budget requests \$40.4 million for Ginnie Mae, \$6.9 million above 2021 enacted. The Budget reflects total funding (carryover and new authority) of \$44 million, \$7.5 million above 2021 total funding.

Ginnie Mae's core activities surround its guarantee of timely payment on Ginnie Mae guaranteed-MBS securities. These core activities include the key operational functions of approving and monitoring the mortgage lenders who can issue and service the Ginnie Mae MBS and maintaining the platform through which the MBS are issued, funds remitted, and security information disseminated.

**Personnel Services (PS)**

The Budget assumes total funding of \$44 million for Ginnie Mae PS, \$11.2 million above 2021 total funding. This funding will support 214 full-time equivalents (FTEs), 47 FTEs above 2021. The 2022 PS request will be required to support the annualized costs of the hiring increases gained in 2021 and additional hiring planned in 2022.

The amount requested in the President's Budget also supports the implementation of strategic initiatives such as In-sourcing, NextGen and Critical Pay Flexibility, described further under "Key Operational Initiatives section."

**Non-Personnel Services (NPS)**

Ginnie Mae intends to support its 2022 NPS requirements in travel, training, contracts, and supplies using balances of contingent spending authority from offsetting collections earned in the Ginnie Mae S&E X-year account.

**Working Capital Fund (WCF)**

Ginnie Mae intends to support its 2022 WCF requirements using balances of contingent spending authority from offsetting collections earned in the Ginnie Mae S&E X-year account.

**Elimination of No-Year S&E Contingent on Volume:** The Budget fully addresses Ginnie Mae's S&E needs via the requested \$40.35 million in two-year funds. The Budget does not request additional no-year S&E funds. Balances of no-year funds will be used for NPS and WCF needs in 2022.

**KEY OPERATIONAL INITIATIVES****In-sourcing**

As directed in GAO 19-191, we are undertaking an analysis of the optimal mix of government FTE vs. contracted services. By late 2021 we will have a comprehensive treatment and recommendation on this topic. As a preliminary step, we have identified a small number of contract line items that we believe should be in-sourced as soon as possible. We have identified 17 in-sourcing positions, targeting nine positions to recruit in 2021 and hiring for the remaining eight in 2022. This 2022 requested Budget provides \$1.6 million in support of our continued insourcing efforts in 2022 and is responsive to the Congressional direction to Ginnie Mae in Report language accompanying the Consolidated Appropriations Act, 2021. Specifically, it stated that our 2022 Budget request reflects action on GAO's recommendation to address optimal mix. Although the in-sourcing question should not only be driven by economic factors, we expect that filling this initial set of positions would result in a nominal reduction in contract spending for the related functions.

**Next Generation (NextGen)**

NextGen is a new forward-thinking set of long-term initiatives to re-build the MBS securitization technology platform. NextGen will allow for an orderly transition from a three-to-four-decade old legacy platform to a state-of-the-art cloud-based platform that will enable Ginnie Mae to take full advantage of leading-edge technological capabilities (the legacy platform has distinguished itself with respect to reliability and scalability but imposes severe constraints on our ability to implement product changes, receive/provide instant information, or fully digitalize core functions). This

investment program will transform Ginnie Mae into a data-driven enterprise with powerful digital capabilities embedded, positioning the MBS program/platform for long-term mission fulfillment. The requested Budget provides \$1.8 million of support to enable Ginnie Mae to provide dedicated support for the next phase of the program, such as by hiring approximately nine additional FTEs for NextGen or backfilling for existing staff that are detailed to support NextGen.

### **Critical Pay Flexibility**

In an effort to address long-standing concerns about the competitive disadvantage of Ginnie Mae's compensation structure, HUD, OMB, and OPM are supporting exploration of the use of Critical Position Pay authority. Critical Position Pay permits an approved agency to set a higher rate of basic pay than would otherwise, be payable for a position that requires expertise of an extremely high level in a scientific, technical, professional, or administrative field and is critical to the successful accomplishment of an important mission. Ginnie Mae is currently working with HUD's Office of the Chief Human Capital Officer to determine which segment of its workforce should be eligible for Critical Position Pay. The requested funds would provide for continued implementation of Critical Position Pay during 2022.

### **GNMA Proposed Re-organization**

To better align functions, workload and operational missions at Ginnie Mae, HUD proposes the following organizational changes to provide improved operational efficiencies and program support for all the affected offices. Below, please find the affected offices, the need for increased efficiency and operational changes in each office, and the proposed reorganization structure and expected benefits from implementation.

- Office of the President (OOTP) - In order to strengthen the central role of the Office in establishing and directing the agenda of the organization:
  - Realign the Audit Liaison Team from the Office of the Chief Financial Officer.
  - Establish a Program and Policy Development Team.
  - Establish a Strategic Planning and Operations Team.
  - Discontinue the Communications and Congressional Division and allocate the functions among the other units of the Office.
- Office of Capital Markets (OCM) - Proposes adding one new division in the Office of Capital Markets; International Markets will be added to the existing Product Management, and Transaction Management divisions.
- Office of Enterprise Risk (OER) - Creates a new function in the Office of Enterprise Risk, Cyber Risk and Compliance, and realigns the Economic Modeling and Analysis Division from the Office of the Chief Financial Officer (OCFO).
- Office of Issuer Management (OIM) - Renamed from the Office of Issuer Portfolio Management and creates new branches within the Single-Family Division. Separates the Asset Management function in the Monitoring Division.
- Office of the Chief Financial Officer (OCFO) - Creates four new branches under the OCFO Controllers Division: Accounting Operations Branch, Financial Reporting Branch (Government), Financial Reporting Branch (Commercial), Accounting Systems and Procedures Branch. OCFO is also renaming and redesigning its Governance and Compliance Division to Accounting Governance.

- Office of Securities Operations (OSO) - Will retain its three divisions changes proposed to date include:
  - The Operations Division is renamed to MBS Operations Division.
  - The Process and Product Division will be renamed Business Lifecycle Management Division.
  - The Program Administration Division is renamed the Customer Experience Division.
  
- Office of Enterprise Data and Technology Solutions (OEDTS) - This office will assume a division realigned from OSO called Modernization Program Solutions Division (formerly Process and Product Solutions Division). Creates three teams: Cloud/Infrastructure, Development Operations (Information Technology Solutions Division), Enterprise Data Solutions.
  
- Office of Management Operations (OMO) - Will retain its two divisions and create a new function, Workforce Innovation Team, to develop long-term workforce development strategies and sponsor key initiatives to promote and achieve a culture of performance excellence and employee engagement.